(c) whether forcing insurers to divulge information as sought by the Income-tax Department would constitute a breach of confidentiality as per agreement between the policy holders and the insurers; and

(d) if so, Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) Yes, Sir. Under the provision of Income-Tax Act 1961, the Department is calling for information in respect of high value transactions, including from insurance companies in respect of premium in excess of Rs. 50,000/- per year. This limit has been raised upwards to Rs. 1 lakh, from Sep. 2002 onwards.

(b) No insurer has taken up the matter with Insurance Regulatory and Development Authority and has shown any resentment on the subject.

(c) and (d) Powers to call for such information is derived from the provisions of the Income-Tax Act 1961. The furnishing of such information in compliance with a statutory provisions does not constitute a breach of confidentiality between the policy holders and the insurers.

Fake credit card rackets

904. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that many fake credit card rackets have been busted during the last two years;

(b) if so, the details thereof; and

(c) the steps taken to provide foolproof system in credit card dealings?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) Reserve Bank of India (RBI) have reported that out of 17 card issuing Public Sector Banks, State Bank of India and Vijaya Bank have reported incidence of cheating on account of use of counterfeit credit cards. In the case of Vijaya Bank, and international card was skimmed and used fraudulently at Malaysia by the culprits. The amount of loss to the bank was Rs. 0.99 lakh. As a

precaution, the bank has advised its card holders visiting South East Asian countries to surrender their cards on their return and obtain fresh cards with new numbers. SBI Cards & Payment Services Pvt. Ltd.—a Subsidiary of SBI—has reported ten instances of use of counterfeit credit cards involving Rs. 4.88 lakh during the period from April 2002 to end-June 2003. Out of this, Rs. 0.72 lakh has been recovered and the balance amount of Rs. 4.16 lakh has been treated as loss.

(c) RBI have reported that banks have been advised to set up internal control systems to combat frauds like fraud at application stage, misuse of lost/stolen cards and cards not received by genuine applicants, counterfeit/altered cards, etc. Fraud prevention committees/task forces are in existence which take proactive fraud control and enforcement measures. Banks are advised to actively participate in such fraud prevention committees/task forces.

Failure of banks to recover loans

905. SHRI EKANATH K. THAKUR: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that despite sweeping powers given by the Securitisation Bill to recover bad debts, banks have failed to recover them;

(b) if so, whether Government have made any investigation in this regard; and

(c) the efforts Government propose to make to accelerate the process recovery of loans?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) No, Sir. Under the Securitisation & Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002,27 public sector banks have issued 32043 notices involving an amount of Rs. 11447.13 crores as on 31st May, 2003 and have recovered an amount of Rs. 435.68 crores from 8676 cases. The Act has created a favourable climate for recovery and induced settlement in several cases. It is too early to assess the progress at this stage.

(b) No investigation appears to be necessary.